Service New Nouveau Brunswick

Annual Report 2011-2012

October 1, 2012

Minister Responsible for Service New Brunswick
Province of New Brunswick
Fredericton, New Brunswick

Dear Honourable Minister:

On behalf of the Board of Directors, I have the pleasure to submit to you, pursuant to Section 23 of the *Service New Brunswick Act*, the Annual Report of Service New Brunswick for the fiscal year ended March 31, 2012.

Sincerely,

Derek Pleadwell
Chairperson of the Board of Directors

Board of Directors

Derek Pleadwell (Chairperson), Gagetown

Jim Dunlap (Vice-Chairperson), St. George

Brian Baxter, Shediac Cape

Donna M. Bovolaneas, Beaver Harbour

Gildard Chiasson, Bertrand

Jane M. Fritz, Fredericton

Alfred Losier, Moncton

Christopher P. MacPherson, Fredericton

Michèle Pelletier, Balmoral

TJ Smith, Fredericton

Sylvie Levesque-Finn
(President of Service New Brunswick), Fredericton

Left-to-right: Gildard Chiasson, Brian Baxter, Jane M. Fritz, Alfred Losier, Donna M. Bovolaneas, Derek Pleadwell, Jim Dunlap, Sylvie Levesque-Finn, TJ Smith

Absent: Michèle Pelletier, Christopher P. MacPherson

Table of Contents

President's Report 1

About Service New Brunswick 2

Lines of Business 4

Customer Care 4

Registries 6

Property Assessment Services 8

Land Information Infrastructure 10

Legislation 11

Official Languages 12

Public Interest Disclosure 13

Strategic Direction 2010 – 2013 14

Financial Statements 15

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President's Report

2011-2012

At Service New Brunswick, our mission is to provide excellence in the delivery of government services to the citizens and businesses of our province. Accomplishing this means we pay close attention to our day-to-day interactions, seek out every opportunity to improve, and ensure we deliver services competently with integrity, respect and impartiality - one customer at a time.

Not only are we focused on excellence in delivery of government services, we are also committed to innovation across our many diverse lines of business.

For example, by implementing a new payment hub technology, Service New Brunswick now offers our customers the ability to make online debit payments for some of our services. We accepted property tax payments using online debit beginning in March of 2012.

The innovative spirit is behind everything we do and was recently recognized when Service New Brunswick, along with the Department of Health and the New Brunswick Internal Services Agency, accepted the 2012 KIRA Award for technical innovation in the public sector. The award recognizes our collaborative effort in developing and implementing an innovative new identity and access management (IAM) system.

We also pay close attention to improving the processes already in place. Service New Brunswick continues to monitor and enhance our operations and services from various perspectives and strives to ensure our services continue to meet the evolving needs of our customers.

It is the valued contribution and the continued commitment of our employees that really defines Service New Brunswick. Our employees, both on the front lines and behind the scenes, are proud to come to work every day and are willing to do what it takes to ensure we consistently offer excellence in the delivery of government services. We are also fortunate to have a committed Board of Directors, which provides valued guidance and support.

I encourage you to join us in celebrating our past year's accomplishments and I look forward to many years of service excellence. Through innovation, continuous improvement, collaboration and teamwork…we make it happen!

Sylvie Levesque-Finn
President

About Service New Brunswick

Since 1998, Service New Brunswick (the "Corporation") has been committed to continually improving access to government services and public information through our single-window service model.

New Brunswickers count on us for quick and convenient access to government transactional services through our service centres in 39 communities across the province, our toll-free call centre, and our website (SNB.ca).

At the end of fiscal 2011-2012, the Corporation employed 701 people in 39 communities, of which 593 are full-time and 108 are part-time. Our employees make it happen every day - rising to the challenge of delivering service excellence in every interaction with our customers, the citizens and businesses of New Brunswick.

Vision

Service New Brunswick: World class leadership in government service.

Mission

Providing excellence in the delivery of government services to citizens and businesses.

Corporate Brand

Service excellence; innovation and continuous improvement; collaboration and teamwork…we make it happen.

Governance

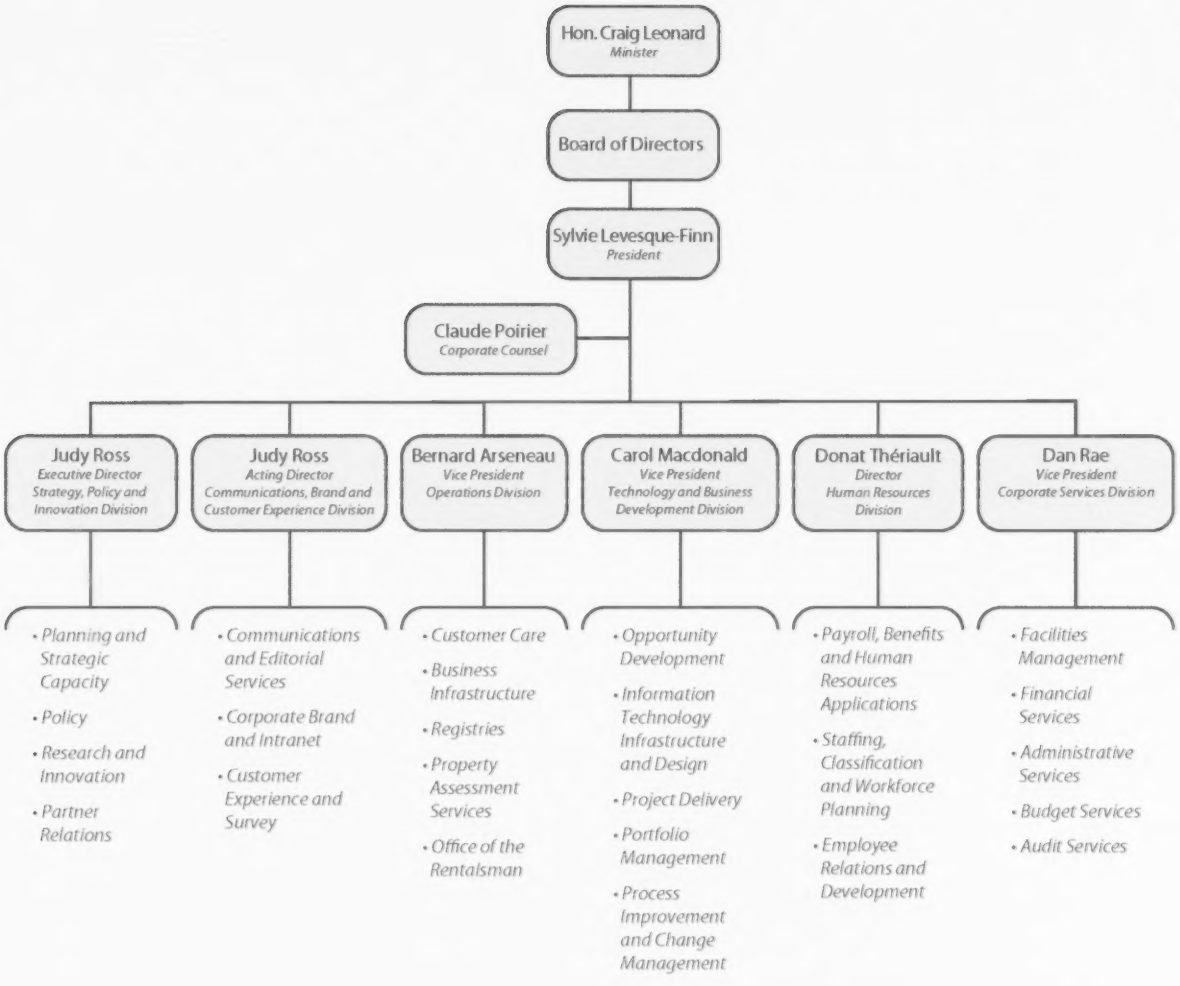
The *Service New Brunswick Act* provides the context for the activities of the Corporation. As specified in the Act, Service New Brunswick is the principal provider of customer service on behalf of government. These services are offered through physical offices, telephone and electronic channels. Service New Brunswick also administers a number of acts on behalf of the province.

A Board of Directors guides the business of the Corporation. There are two committees of the Board of Directors: the Audit Committee monitors the financial affairs and reviews the financial statements of the Corporation and the Development Committee oversees new system development.

Revenues are acquired through a combination of fees for services in the Land, Personal Property, Vital Statistics and Corporate registries, payments from the Government of New Brunswick (GNB) and municipalities, grants which GNB provides to deliver services on its behalf, and sales of products and services.

Service New Brunswick continues to look at improving business processes and service delivery to make it easier for citizens and businesses to access government services.

Organization Chart



Lines of Business

Customer Care

Service New Brunswick is the gateway for the public to a number of government services offered through a multichannel service delivery network. Services are offered to citizens on behalf of various provincial government departments, municipalities and public utilities. Convenience to the customer is a key factor in service delivery. To meet New Brunswickers' expectations, Service New Brunswick offers three channels of delivery:

- in person, through a network of 39 service centres, located throughout the province;
- over the phone (TeleServices), toll-free at 1-888-762-8600; and
- on the Internet at www.snb.ca.

A wide range of services are delivered on behalf of various government departments and agencies including the federal government. We also accept payments on behalf of utilities and 62 municipalities. Our services include:

- motor vehicle: driver's licenses, registration, placards for disabled persons;
- recreation: hunting and fishing licenses, online tickets for some major attractions;
- government forms: Medicare, lottery registration;
- federal government: pleasure craft licensing; and
- cities and towns: water and sewage payments.

Service Centres

With a network of 39 service centres located throughout the province, Service New Brunswick offers citizens and businesses a combination of personalized service and convenient extended hours. Each service centre offers the most common services while 13 of the centres provide the full range of services.

TeleServices

TeleServices is the Corporation's customer phone centre. Citizens and businesses can access services by calling toll-free 1-888-762-8600. TeleServices also replies to incoming emails from the Service New Brunswick Internet site and the Internet-based Provincial Government Directory. Four main types of services are offered over the phone:

- information and referrals;
- transactions;
- support to automated phone lines; and
- driver examination appointments.

SNB Online

The Service New Brunswick website offers numerous products and services, as well as online forms including applications for birth certificates, property tax allowances and Medicare change request, replacement and/or renewal forms. A number of forms from various municipalities are also available on the website.

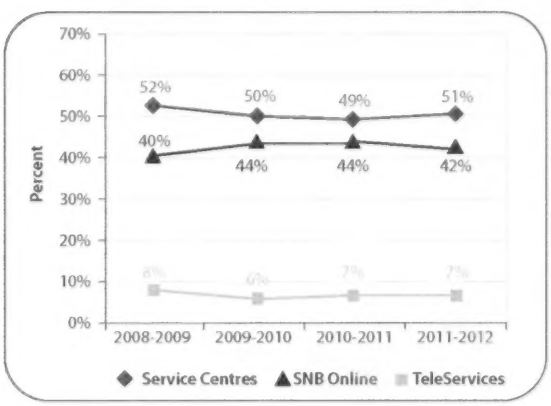
Key highlights for the year:

- Beginning on March 1, 2012, Service New Brunswick began offering Interac online (e-debit) to New Brunswickers as an alternate payment option for property tax payments.
- The delivery of Customer Service Representative (CSR) training was enhanced through the implementation of numerous e-modules – this enables CSRs to receive the most up-to-date training without the extra cost and inconvenience of travelling.
- Inventory management was improved with the implementation of a new inventory report that enables the Service Delivery Support unit to send required inventory to the 39 service centres in a more timely manner.

Service Delivery Transactions

Volume by Partner	2011-2012	2010-2011	2009-2010
Provincial, Federal and Municipal include: Provincial: All government departments Federal: Pleasure Craft Licensing Municipalities: 62 to date	2,637,108	2,619,352	2,545,752
Service New Brunswick: Property Assessment, Corporate Registry, Personal Property Registry, Land Registry, Rentalsman, Vital Statistics and SNB Products	2,407,976	2,423,792	2,426,912
Other Partners: Payment taking for NB Power, Bell Aliant, Regional Health Authorities, WorkSafeNB and others	152,227	155,277	157,240
Total Transactions:	5,197,311	5,198,421	5,129,904

Percentage of Transactions per Channel



Office of the Rentalsman

The Office of the Rentalsman provides an alternative dispute resolution program outside of the traditional court process. The Rentalsman is appointed to carry out duties prescribed by the *Residential Tenancies Act*.

The activities of the Office of the Rentalsman include:

- being the only jurisdiction in Canada that holds, in trust, all security deposits paid by tenants pursuant to a residential tenancy lease;
- mediating mutual agreements or, where mediation is not possible, arbitrating disputes between parties regarding the disbursement of security deposits;
- mediating or arbitrating complaints by both landlords and tenants regarding breach of a tenancy agreement or failure to adhere to the *Residential Tenancies Act*; and
- providing information with regards to residential tenancies.

Key highlights for the year:

- Provided landlords and tenants with general tenancy information through trained TeleServices agents and Service Centre representatives who received, on average, over 1,500 requests for information per month. Escalated requests for information were answered within 24 hours or less by the Office of the Rentalsman staff.
- Accepted 13,446 security deposits, which represents a 5.0% decrease in the number of security deposits. As of March 31, 2012, security deposits held in trust by the Office of the Rentalsman amount to $19,829,017, an increase of 5.8% over the previous year.
- Over 5,800, or 55% of all security deposit refund applications, were submitted online; an increase of 33% for online take-up over the previous year.
- Resolved 4,951 security deposit claims throughout the province.
- 1,621 complaints were filed with the Office of the Rentalsman alleging that a landlord or a tenant failed in his or her obligations under a tenancy agreement. While this represents a 40% increase in complaints over last year, it is estimated that over 85% of the complaints were resolved in less than the service standard of 30 days.

Registries

Service New Brunswick is responsible for Land, Personal Property, Corporate and Vital Statistics registries, as well as Condominiums. The activities for these four registries and Condominiums include:

Land Registry

- maintaining a network of 13 Land Registry offices across the province where legal plans and documents – deeds, mortgages and wills – relating to the ownership of real property can be registered and made available for public scrutiny;
- offering registry records which provide land ownership information dating back to the original Crown grants, over 200 years ago;
- allowing users to conduct land-based transactions quickly, efficiently and accurately through PLANET – a comprehensive, integrated online source of land registration, assessment, mapping and information services;
- maintaining a province-wide Global Positioning System (GPS) based on a high precision control survey; and
- maintaining a series of continuously operating GPS stations (Active Control Stations), which provide observations on an hourly basis via the Service New Brunswick website.

Personal Property Registry

- maintaining a computerized, province-wide registry service where users can serve public notice of their security interests, judgments and other claims affecting personal property, such as automobiles, recreational vehicles, furniture and business inventory;
- providing citizens and businesses the opportunity to determine if there is a registered security interest on a personal property by providing the means to search the Personal Property Registry:
  - *primarily through the Atlantic Canada Online portal (ACOL); and*
  - *through Service New Brunswick's Lien Check service for specific instances in relation to serial number searches.*

Corporate Registry

- incorporating New Brunswick-based business corporations and non-profit companies, and registering partnerships and business names under which sole proprietorships and partnerships operate;
- registering extra-provincial corporations and businesses conducting business in New Brunswick;
- maintaining publicly available, up-to-date information on business and non-profit corporations and unincorporated business entities;
- allowing Internet users to access information on over 180,000 past and existing businesses and non-profit companies; and
- assigning the New Brunswick Account Business Number (BN) through the incorporation/registration process. The BN is a unique common identifier that can be used for provincial, federal and municipal services.

Vital Statistics Registry

- registering, maintaining, verifying and disseminating birth, death, stillbirth and marriage data (vital events);
- searching records, issuing certificates of a vital event, distributing marriage licenses, approving and registering changes of name;
- registering and maintaining an index of churches/religions authorized to solemnize marriages in New Brunswick;
- approving requests for access to information in accordance with legislation and policy; and
- producing various statistical reports based on vital events.

Condominiums

- administering the *Condominium Property Act* and setting out the rules for developing, operating and managing condominiums in New Brunswick;
- providing approval for development of condominium corporations registering under the *Condominium Property Act*; and
- accepting information on reserve funds, insurance and directors, filed by condominium corporations.

Key highlights for the year:

- Amendments to the *Land Titles Act* will make it easier for municipalities, government departments, and public utilities to make improvements to crucial public infrastructure and provide greater clarity on land titles documentation.
- The Personal Property Registry made changes to the Notice to Secured Party Report to make it a single bilingual document ensuring customers receive the report in the language of their choice. Over 53,000 Notices were sent out this year.
- A new online process was launched in November 2011 that allows funeral homes to submit a list of burials to Vital Statistics. To date, over 60% of the funeral homes have taken advantage of the online option.

Registries Statistics

Activity	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Land Registry					
Registrations	107,102	111,468	109,959	110,683	110,986
Searches	39,573	42,554	46,841	45,723	44,892
Number of Certificates of Registered Ownership Sold	27,581	27,603	30,565	31,582	31,542
Personal Property Registry					
Registrations	134,356	127,003	126,938	126,897	131,517
Searches	54,873	54,263	54,980	50,189	50,053
Corporate Registry					
Incorporations	2,546	2,547	2,612	2,865	2,792
Registrations	3,108	3,334	3,073	3,150	3,239
Annual Returns	37,243	35,848	35,718	35,147	33,067
Certificate of Status/ Certified Copies	4,515	4,210	4,257	4,366	4,356
Vital Statistics Registry					
Certificates Issued (all types)	33,168	34,414	38,657	45,538	51,908
Change of Name Processed	314	261	313	409	527
Amendments Processed	1,851	1,907	2,109	2,440	2,949
Vital Events Registered	17,399	17,253	17,126	18,567	17,372

Registries Statistics (continued)

Activity	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Condominiums					
New corporations	13	13	19	17	16
Number of new units approved	306	321	553	248	174

Property Assessment Services

Service New Brunswick is responsible for property assessment, which is the valuation and classification of all real property in New Brunswick. Property assessment is a vital component in the processes of Real Property taxation and municipal financing.

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (commonly known as market value) as of January 1 of the year for which the assessment is determined. Individual assessments are then compiled to produce municipal and provincial assessment bases. These bases are shared with the Department of Local Government which produces the tax bases for each municipality, rural community and Local Service District in the province. Individual property assessments are also provided to the Department of Finance. These are then used – along with municipal and provincial property tax rates – to produce an annual property tax bill.

Property assessors are responsible for maintaining an inventory of all real property information as well as administering many property tax-related benefits. In 2011-2012, the Property Assessment Services Branch activities included re-inspections, sales analysis, new construction, market adjustments of assessed values and appeals. This was supplemented by the following:

Modernizing the Technology

Service New Brunswick continued its work on modernizing the mainframe-based Property Assessment and Taxation System.

Handling Inquiries and Appeals

Assessment and Tax Notices (property tax bills) are issued on March 1 of every year. If an owner is not satisfied with the assessed value of the property, they have the opportunity to submit a Request for Review within 30 days of the mailing of the tax bill. This is the first level of appeal in contesting the assessed value. An assessor will then inspect the property, review the concerns of the property owner, and render a written decision as to whether any change to the assessment is warranted. The assessor will generally rely on the sale of comparable properties in the determination of value. If a property owner is not satisfied with the decision, they have the opportunity to appeal the decision to the Assessment and Planning Appeal Board.

Annual Performance Measures

Property assessments in New Brunswick are based on mass appraisal techniques that are used world-wide. The following table provides the assessment and sale performance indicators confirming that assessed values are within the accepted international standards as established by the International Association of Assessing Officers (IAAO). The three indicators used are:

1. **Assessment to Sale Ratio:** an indication of how closely the assessed value reflects the market price, measured by comparing the current assessed value to the sale price.
2. **Coefficient of Dispersion:** a measure of uniformity that indicates if assessment values within a jurisdiction are dispersed or clustered (a lower number indicates greater uniformity and consistency).
3. **Price Related Differential:** an indication of how closely assessment values relate to their selling price for properties with different price ranges (an indicator of 1.00 means that the ratio of assessed values to market prices is consistent for properties with high or low price ranges).

Service New Brunswick Assessment and Sale Performance Indicators

Indicators	Assessment to Sale Ratio		Coefficient of Dispersion		Price Related Differential	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
IAAO Standards	0.90 - 1.10	0.90 - 1.10	10 - 15	< 20	0.98 - 1.03	0.98 - 1.03
2011	0.94	0.92	11.0	12.7	1.014	1.026
2010	0.93	0.93	11.2	14.3	1.013	1.027
2009	0.94	0.91	11.1	14.4	1.015	1.059
2008	0.95	0.89	10.9	14.6	1.013	1.045
2007	0.95	0.92	10.1	14.8	1.013	1.042
2006	0.95	0.92	10.1	13.1	1.013	1.041
2005	0.95	0.89	10.6	19.2	1.015	1.056
2004	0.95	0.88	10.6	17.7	1.017	1.048

Key highlights for the year:

- A 3% cap was introduced on property assessments on all owner occupied properties for the taxation years 2011 and 2012. This two-year assessment cap was a temporary measure to lessen the impact of increasing property assessments and provide an opportunity to conduct public consultations in an effort to improve the property taxation and assessment system in the province.
- Service New Brunswick supported the public consultation led by the Department of Local Government that established an Action Plan for a New Local Governance System in New Brunswick.
- A Municipal Assessment Committee was established to enhance the relationship between Property Assessment Services and municipal officials.
- A roll out of the Geographic Information System (Map Viewer) to all residential assessors was completed.
- The goal of attaining a 10-year residential and 6-year commercial re-inspection cycle continues to be achieved. For 2011, in excess of 47,000 re-inspections were conducted.

The following table summarizes the annual referral and appeal activity for years up to and including 2011. Request for Review levels for 2011-2012 were slightly below the average of 1.5% of property accounts.

Property Assessment Statistics

Tax Year	Number of Properties	Assessment Base (Billions $)	Request for Review	% of Property Accounts	Appeals (Assessment and Planning Appeal Board)
2011	457,151	53.9	5,338	1.2%	187
2010	454,426	51.4	8,691	1.9%	258
2009	451,416	49.1	8,558	1.9%	214
2008	448,224	46.7	5,526	1.2%	174
2007	444,341	43.4	5,518	1.2%	155
2006	441,161	40.5	6,598	1.5%	250
2005	437,637	38.0	8,100	1.8%	189
2004	433,790	35.8	5,838	1.3%	240

Land Information Infrastructure

Service New Brunswick is the lead agency for coordination of base mapping and geomatics in New Brunswick.

The activities of the Land Information Infrastructure unit include:

- managing an inter-agency governance framework to facilitate collaboration on geomatics across the Government of New Brunswick;
- implementing inter-agency projects such as the development of provincial standards and data sets and creation of authoritative road, water and imagery data sets;
- developing a collaborative spatial data infrastructure with partners to accommodate storage and dissemination of geographic data and related applications;
- conducting education and outreach activities; and
- operating a geographic data and mapping download service.

Key highlights for the year:

- The GeoNB Map Viewer receives approximately 10,000 visits per week. Several additions were made to the Viewer, including:
  - *More current Department of Natural Resources high resolution color orthophotos for backdrop on Map Viewer;*
  - *A web-based Coordinate Transformation tool was developed as a replacement for the previous tool being used that was sent to users on disks;*
  - *Department of Public Safety River Watch application displaying river flow volumes; and*
  - *NB Elections map displaying electoral boundaries, school districts and health districts.*
- Continued to publish New Brunswick Digital Property Maps, Civic Address and other data sets on Service New Brunswick's Geographic Data and Mapping download website. Of the nine datasets available on this service, there were 78,000 downloads in fiscal year 2011-2012.
- An agreement was reached with the Department of Public Safety and Ambulance New Brunswick that resulted in the creation of the NB Road Network - a current, authoritative digital map of New Brunswick roads complete with addresses and road features.

Legislation

The following statutes are under the jurisdiction of Service New Brunswick:

General

- *Service New Brunswick Act*

Property Assessment

- *Assessment Act*
- *Residential Property Tax Relief Act*

Condominiums

- *Condominium Property Act*

Land Registry

- *Air Space Act*
- *Land Titles Act*
- *Registry Act*
- *Boundaries Confirmation Act*
- *Standard Forms of Conveyances Act*
- *Surveys Act*

Personal Property Registry

- *Personal Property Security Act*

Corporate Registry

- *Business Corporations Act*
- *Companies Act*
- *Corporations Act*
- *Foreign Resident Corporations Act*
- *Common Business Identifier Act*
- *Partnership Act*
- *Limited Partnership Act*
- *Partnerships and Business Names Registration Act*
- *Special Corporate Continuance Act*
- *Winding-up Act*

Vital Statistics Registry

- *Vital Statistics Act*
- *Marriage Act*
- *Change of Name Act*

Rentalsman

- *Residential Tenancies Act*

Official Languages

Service New Brunswick recognizes its obligations and is committed to actively offering and providing quality services to the public in the public's official language of choice for all delivery channels.

During the 2011-2012 fiscal year, Service New Brunswick received a total of four complaints under the *Official Languages Act*. All complaints were reviewed and addressed.

In the last fiscal year, one Service New Brunswick employee pursued second language training.

Public Interest Disclosure

The purpose of the *Public Interest Disclosure Act* is to:

- facilitate the disclosure and investigation of significant and serious matters in, or relating to, the public service, that are potentially unlawful, dangerous to the public or injurious to the public interest; and
- protect persons who make those disclosures.

During the 2011-2012 fiscal year, Service New Brunswick has not received nor acted on any disclosures of wrongdoings under the *Public Interest Disclosure Act* and no investigations have been commenced.

During the same fiscal year, no claim has been referred to Service New Brunswick by the Ombudsman under section 23 of the *Public Interest Disclosure Act*. Therefore, no previous claim was acted upon nor any investigation commenced during that same period.

Strategic Direction

2010-2013

In 2011-2012, Service New Brunswick concluded the second year of its three-year strategic planning cycle. Service New Brunswick follows the balanced scorecard methodology which ensures alignment of strategic goals, objectives, performance measures and annual corporate action plans. The strategic progress and scorecard results are reviewed by the Board of Directors quarterly.

As a result of strategic initiatives completed over the past year, a number of improvements to internal processes were implemented. Tracking of customer complaints from a variety of sources allowed Service New Brunswick to understand our customer's concerns. Initiatives undertaken in these and other areas focused on process improvements that contributed to service excellence while ensuring continued financial sustainability. For example, the introduction of e-debit as an option for property tax payment made it easier for customers to interact online. This enhancement as well as others that improved the availability and ease-of-use for online services contributed to increased customer use of the online channel for several services.

In addition, an initiative to enhance scheduling procedures for service centre employees resulted in closer alignment between staffing and customer demand, which varies by time of day, day of the week and by season. Improved scheduling also resulted in a reduction in costs associated with delivery of over-the-counter services.

In 2012, Service New Brunswick was among the first group of government agencies to adopt the GNB Performance Excellence Process. The process emphasizes performance metrics and continuous improvement efforts that support more efficient and effective delivery of government services. As a participant, Service New Brunswick's strategy for 2012-2013 will be more formally aligned with GNB.

Financial Statements

Discussion and Analysis

The Financial Statement Discussion and Analysis document presents Management's commentary on the financial position of Service New Brunswick, and is meant to be used as supporting information to the March 31, 2012 audited financial statements. This discussion highlights key features of the financial statements and provides additional information and perspectives that go beyond the twelve months covered by the statements themselves.

Overview of the Financial Statements

Service New Brunswick's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for public sector entities. These statements consist of:

- A Statement of Financial Position
- A Statement of Operations
- A Statement of Changes in Net Financial Assets (Debt)
- Statement of Cash Flows
- Sufficient information to allow a comparison of budgeted and actual amounts
- Notes to the Financial Statements

Effect of Changes to Accounting Standards

The change to public sector accounting standards has resulted in changes to the manner in which the financial statements are prepared and presented. The following list indicates the change from the former GAAP for private enterprise statements to the corresponding public sector statements.

GAAP for Private Enterprise	Public Sector Accounting Standards
Balance Sheet	Statement of Financial Position
Income Statement	Statement of Operations
Statement of Cash Flows	Statement of Cash Flows
	Statement of Changes in Net Financial Assets (Debt)

Public sector statements focus on an entity's level of liquidity or indebtedness. This is reflected in two measures, a net financial asset (or debt) position and the accumulated surplus (or deficit) amount. The attached financial statements indicate that the Corporation is in a net financial asset position and has an accumulated surplus as at the end of March 31, 2012.

In addition to a change in the way in which financial information is presented and evaluated, the new standards have resulted in certain transactions being measured and accounted for differently. Employee future benefit obligations i.e. the Retirement Allowance and the Early Retirement benefit, had to be re-valued using the appropriate discount rate for the public sector. Additionally, public sector entities are obliged to recognize a liability and associated expense for sick leave. Details on Employee Future Benefits are outlined in Note 11 to the Financial Statements.

The change in accounting standards also changed the way in which the Corporation accounted for some of its assets, and any funding related to those assets. Such changes have resulted in an adjustment to the accumulated surplus balance for the 2010-2011 fiscal year.

A reconciliation between the Corporation's old equity and net income balances, and the new accumulated surplus and annual surplus figures can be found in Note 13 to the Financial Statements.

Significant Financial Variances

The following table compares budgeted figures for 2011-2012 to actual financial results for 2011-2012 and 2010-2011.

Financial Statement Analysis

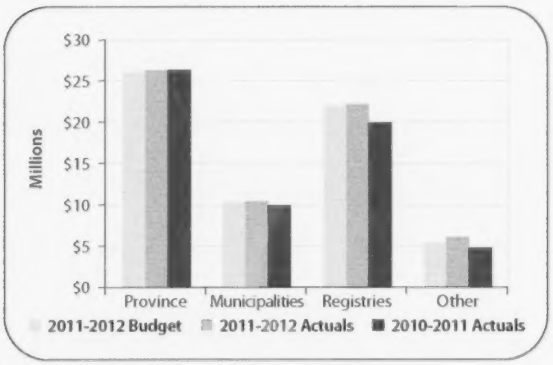
For the year ended March 31

STATEMENT OF OPERATIONS

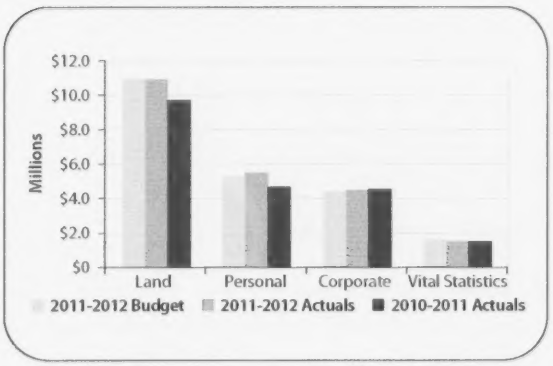
	Budget 2012	Actuals 2012	Actuals 2011	Actuals Difference	Budget Difference
Revenues					
Provincial services	26,014,204	26,223,125	26,232,030	(8,905)	208,921
Municipal services	10,424,370	10,424,370	9,974,034	450,336	-
Registry services	21,866,569	22,092,711	19,956,584	2,136,127	226,142
Products and services	4,827,582	5,102,600	4,264,229	838,372	275,018
Interest	400,000	789,566	488,381	301,185	389,566
Contributed capital surplus	-	-	27,214	-	-
Salary recoveries	11,000	21,890	15,881	6,009	10,890
Other	12,800	6,646	8,875	(2,229)	(6,154)
TOTAL REVENUE	63,556,525	64,660,909	60,967,228	3,720,895	1,104,384
Expenses					
Personnel services	40,560,468	38,829,573	39,743,605	(914,032)	(1,730,895)
Space and equipment	5,976,689	5,588,584	5,477,982	110,601	(388,105)
Communications and computer services	5,601,759	6,223,313	5,033,593	1,189,720	621,554
Professional services	5,178,380	3,561,837	3,088,898	472,939	(1,616,543)
Amortization	3,167,491	3,285,140	3,144,485	140,656	117,650
Travel and meetings	1,406,466	1,077,757	1,125,413	(47,656)	(328,709)
Materials and supplies	827,232	802,217	779,774	22,443	(25,015)
Furniture and equipment	570,915	493,191	468,153	25,038	(77,724)
Other	267,125	231,431	245,514	(14,083)	(35,694)
TOTAL EXPENSE	63,556,525	60,093,043	59,107,419	985,627	(3,463,482)
ANNUAL SURPLUS (DEFICIT)	$-	4,567,866	1,859,809	2,735,269	4,567,866

Revenue Variances

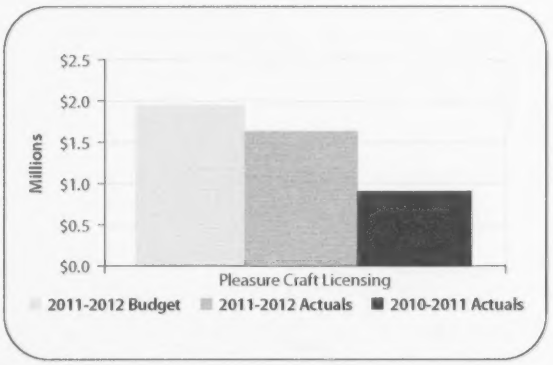
Total revenues for 2011-2012 are $1.1M more than budgeted and $3.7M higher than in 2010-2011. A significant portion of the growth in revenues is due to increased returns in Registry services and on invested funds.



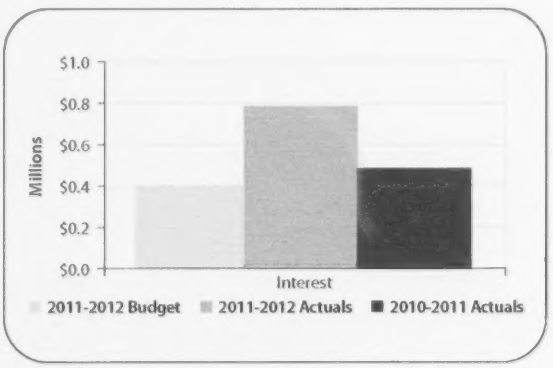
Registry services - Registry revenues grew by $2.1M from 2010-2011 to 2011-2012. This represents an increase of 9.7% from the previous fiscal year. The performance of these registries is largely dependent on the strength of the economy, and the degree to which consumers are selling and purchasing land and property.



Products and services – Products and services revenues grew by $0.8M from 2010-2011 to 2011-2012. Products and services revenues are characteristically derived from two sources: the sale of a variety of products, mainly geographic information, and the provision of customer services on a fee for service basis, on behalf of provincial departments, the federal government, municipalities and utilities. A significant portion of the growth in products and services revenue is due to increased activity in the Pleasure Craft Licensing registry which is operated on behalf of Transport Canada.

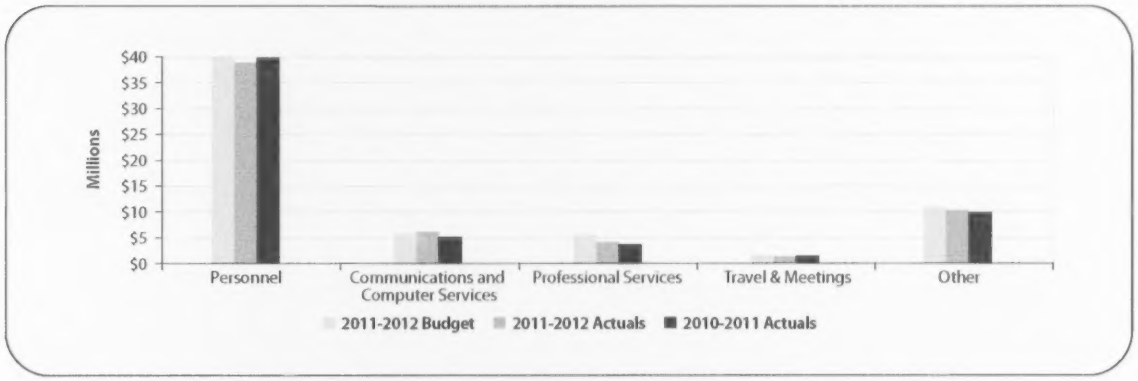


Interest – Interest revenues grew by $0.3M between 2010-2011 and 2011-2012. They also exceeded budget expectations by just under $0.4M. Growth in interest income is contingent upon the performance of the securities markets. Much of the growth seen in interest income is due to the implementation of an investment strategy that is yielding higher rates of return.



Expense Variances

Total expenses for 2011-2012 are $3.5M less than budgeted, and $1.0M more than total expense in 2010-2011. Expense levels as a whole behaved as anticipated, with no significant variances as compared to the previous year.

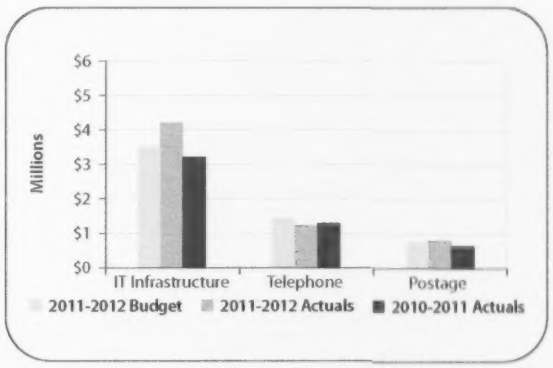


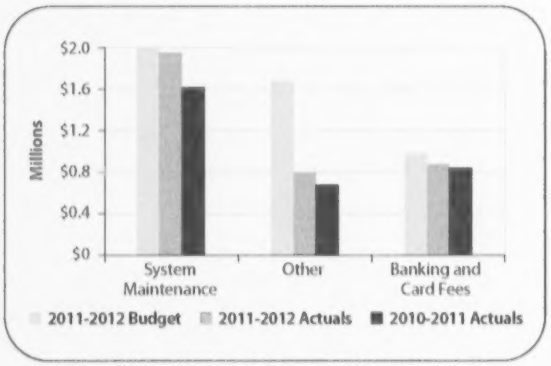
Communications and Computer Services – This is comprised of Information Technology Infrastructure costs, telephone charges and postage. Total costs are $1.2M higher than they were in 2010-2011, and $0.6M higher than budgeted. The increase over budgeted expense results from the change in provision of IT Help Desk services in-year. The budget for this was reflected under Personnel Services but with the transfer of this responsibility to the New Brunswick Internal Services Agency (NBISA) the expense was more appropriately reflected under Communications and Computer Services.

The above, as well as an increase in postage rates and an increase in the number of Pleasure Craft Licensing registry transactions, explains the variance between 2011-2012 and 2010-2011 expenses.

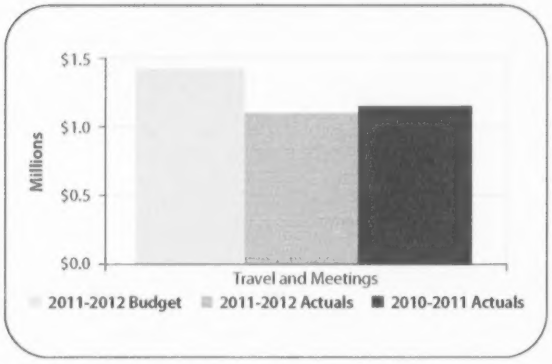
Professional Services - Professional services include consulting, project management, translation, board member per diems, audit and legal fees. Also included in this category are banking fees as well as WorkSafeNB administrative fees. Although costs for the 2011-2012 fiscal year are $0.4M higher than in 2010-2011, they are $1.6M less than budgeted. The variance to budget is mostly related to changes in timing in completion of major systems development.

System maintenance costs increased in 2011-2012 due to the completion and deployment of the Identity and Access Management system. Audit fees also increased in 2011-2012 due to work related in preparation for the new Canadian Audit standard, section 3416 – Report on Controls at a Service Organization.

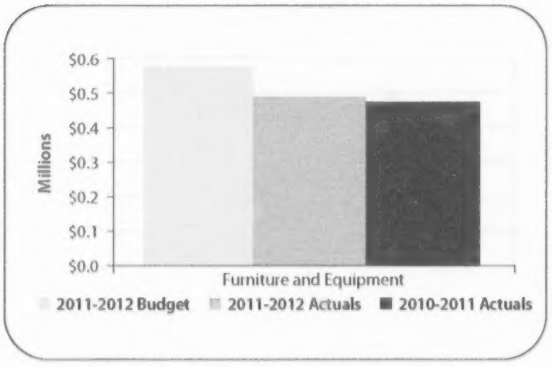




Travel and Meetings – Travel and meetings include travel for training, regular travel, and meeting expenses. For the 2011-2012 fiscal year, costs are comparable to 2010-2011 levels, but $0.3M less than budgeted. This savings is partly due to the use of Office Communicator, which reduced the amount of travel associated with meetings.



Furniture and Equipment – Furniture and equipment includes the purchase of office furniture and equipment, and computer hardware and software. For the 2011-2012 fiscal year, costs are in line with 2010-2011 costs, but $.07M less than budgeted. This is the result of an effort in controlling costs.



Risks and Other Dependencies

The Enterprise Risk Management Policy at Service New Brunswick outlines a framework of objectives and processes to ensure risk management is integrated throughout the Corporation on a consistent and continuous basis. Some of the key risks that have been identified by management for Service New Brunswick are:

Financial Restraints and Economic Climate

The current economic climate and fiscal realities may cause some revenue streams to decline while operating costs continue to rise. Budgeting and forecasting processes monitor and react to changes in revenues and expenditures throughout the year.

Priorities

Emergency situations or changes in our external environment, such as client needs, can result in initiatives being introduced at any point during the year which could impact Service New Brunswick's ability to meet business plan objectives. The Corporation has processes in place to allow for the reallocation of resources to implement in-year initiatives and to adjust Action Plan prioritization.

Security Breach

There are an increasing number of security threats in today's world of information technology and any breach could be challenging to manage. Service New Brunswick continuously monitors its systems for threats and weaknesses and has designated employees who are responsible for privacy and information security on a daily basis.

Financial Statements
March 31, 2012

Table of Contents

Management Report 21

Independent Auditor's Report 22

Statement of Financial Position 23

Statement of Operations 24

Statement of Changes in Net Financial Assets (Debt) 24

Statement of Cash Flows 25

Notes to Financial Statements 26

Schedules to Financial Statements 34

Management Report

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation.

The Corporation maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

It is the responsibility of the Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. Upon the recommendation of the Audit Committee, these financial statements are approved by the Board of Directors.

Sylvie Levesque-Finn
President

Dan Rae, CGA
Vice President of Corporate Services

Fredericton, N.B., Canada
June 14, 2012

Independent Auditor's Report

To the Members of the Board of Directors
Service New Brunswick

We have audited the accompanying financial statements of **Service New Brunswick**, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and as at April 1, 2010 and the statements of operations, changes in net financial assets and cash flows for the years ended March 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Service New Brunswick** as at March 31, 2012 and 2011 and as at April 1, 2010, and the results of its operations, the changes in its net financial assets and its cash flows for the years ended March 31, 2012 and 2011 in accordance with Canadian public sector accounting standards.

Saint John, Canada
June 14, 2012

Ernst & Young LLP
Chartered Accountants

Statement of Financial Position
As at March 31

	2012	2011	April 1, 2010
Financial Assets			
Cash and cash equivalents	$ 17,611,102	$ 21,306,741	$ 27,235,611
Short-term investments	4,000,000	10,000,000	-
Restricted assets (Note 5)	19,426,052	20,165,557	24,191,302
Accounts receivable (Note 6)	2,578,378	2,445,173	2,690,769
Long-term investments	16,000,000	-	5,000,000
	59,615,532	53,917,471	59,117,682
Liabilities			
Accounts payable and accrued liabilities (Note 8)	$ 5,747,801	$ 4,417,478	$ 6,847,227
Partner liabilities (Note 9)	14,824,859	15,861,731	20,189,379
Deferred receipts	898,007	312,436	833,962
Land titles assurance (Note 10)	4,601,193	4,303,826	4,001,923
Retirement allowance (Note 11b)	3,874,400	3,697,500	3,562,800
Early retirement incentive (Note 11c)	1,110,700	1,034,522	1,031,776
Sick leave (Note 11d)	3,217,500	3,085,700	2,944,800
	34,274,460	32,713,194	39,411,867
Net Financial Assets	$ 25,341,072	$ 21,204,277	$ 19,705,815
Non Financial Assets			
Prepaid expenses	$ 1,470,336	$ 1,125,068	$ 1,135,153
Tangible Capital Assets (Note 7)	15,998,904	15,913,101	15,541,669
	17,469,240	17,038,169	16,676,822
Accumulated Surplus	**$ 42,810,312**	**$ 38,242,446**	**$ 36,382,637**

Lease Commitments (Note 12)
See accompanying notes

Derek Pleadwell
Chairperson

Sylvie Levesque-Finn
President

Statement of Operations
For the years ended March 31

	Budget 2012	Actuals 2012	Actuals 2011
Revenues (Schedule 1)			
Provincial services	$ 26,014,204	$ 26,223,125	$ 26,232,030
Municipal services	10,424,370	10,424,370	9,974,034
Registry services	21,866,569	22,092,711	19,956,584
Products and services	4,827,582	5,102,600	4,264,229
Interest	400,000	789,566	488,381
Contributed capital surplus	-	-	27,214
Salary recoveries	11,000	21,890	15,881
Other	12,800	6,646	8,875
	63,556,525	**64,660,909**	**60,967,228**
Expenses (Schedule 1)			
Personnel services	40,560,468	38,829,573	39,743,605
Space and equipment services	5,976,689	5,588,584	5,477,982
Communications and computer services	5,601,759	6,223,313	5,033,593
Professional services	5,178,380	3,561,837	3,088,898
Amortization	3,167,491	3,285,140	3,144,485
Travel and meetings	1,406,466	1,077,757	1,125,413
Materials and supplies	827,232	802,217	779,774
Furniture and equipment	570,915	493,191	468,153
Other	267,125	231,431	245,514
	63,556,525	**60,093,043**	**59,107,419**
Annual Surplus (Note 13)	**-**	**4,567,866**	**1,859,809**
Opening Accumulated Surplus (Note 13)	38,242,446	38,242,446	36,382,637
Ending Accumulated Surplus	**$ 38,242,446**	**$ 42,810,312**	**$ 38,242,446**

See accompanying notes

Statement of Changes in Net Financial Assets (Debt)
For the years ended March 31

	Budget 2012	Actuals 2012	Actuals 2011
Annual Surplus	**$ -**	**$ 4,567,866**	**$ 1,859,809**
Acquisition of tangible capital assets	$ (5,011,000)	$ (3,370,943)	$ (3,515,918)
Amortization of tangible capital assets	4,559,206	3,285,140	3,144,485
	(451,794)	**(85,803)**	**(371,433)**
Acquisition of prepaid expenses	$ -	$ (1,470,336)	$ (1,125,068)
Use of prepaid expenses	-	1,125,068	1,135,153
	-	**(345,268)**	**10,085**
Increase (decrease) in financial assets	$ (451,794)	$ 4,136,795	$ 1,498,462
Net financial assets at beginning of year	21,204,277	21,204,277	19,705,815
Net financial assets at end of the year	**20,752,483**	**25,341,072**	**21,204,277**

Statement of Cash Flows
For the years ended March 31

	2012	2011
Cash and cash equivalents generated by (used in):		
Operating Transactions		
Annual Surplus	$ 4,567,866	$ 1,859,809
Amortization	3,285,140	3,144,485
Deferred employee benefits	384,878	278,346
	8,237,884	5,282,640
Changes in non-cash working capital balances:		
Accounts receivable	(133,205)	245,597
Prepaid expenses	(345,268)	10,085
Accounts payable and accrued liabilities	1,330,322	(2,429,749)
Deferred receipts	585,572	(521,526)
	9,675,304	2,587,048
Capital Transactions		
Additions to equipment	(543,376)	(195,081)
Additions to leaseholds	(519,729)	(379,756)
Additions to system development	(1,347,295)	(594,458)
Net changes in work in process	(960,543)	(2,346,623)
	(3,370,943)	(3,515,918)
Investing Transactions		
Sale (purchase) of long-term investment certificates	(16,000,000)	5,000,000
Sale (purchase) of short-term investments	6,000,000	(10,000,000)
	(10,000,000)	(5,000,000)
Net decrease in cash during the year	**(3,695,639)**	**(5,928,870)**
Cash and cash equivalents, beginning of year	**21,306,741**	**27,235,611**
Cash and cash equivalents, end of year	**$ 17,611,102**	**$ 21,306,741**

1. Service New Brunswick

Service New Brunswick (hereafter referred to as "the Corporation") is a non-taxable Crown Corporation established under the *Service New Brunswick Act* (hereafter referred to as "the Act"). Its mission is providing excellence in the delivery of government services to citizens and businesses.

The Corporation has no share capital and the Act does not provide for this. However, the Act does stipulate that any profits may be appropriated by the Crown at the discretion of the Minister of Finance. The Corporation is not subject to any externally imposed capital requirements, and has the ability to borrow funds when necessary.

2. Accounting Policies

General

During the year, the Corporation adopted the Public Sector Accounting (PSA) Generally Accepted Accounting Practices (GAAP), mainly *Section 1200 – Financial Statement Presentation, Section 3250 – Retirement Benefits*, and *Section 3255 – Post-employment Benefits, Compensated Absences and Termination Benefits*. The Corporation also elected to become an early adopter of *Section 3450 – Financial Instruments* which becomes a mandatory standard for reporting periods after April 2012.

The current financial statements are presented on the new basis of accounting. Prior-year information has been updated and restated where appropriate. A reconciliation of the effect of these changes on accumulated surplus can be found in Note 13.

The most significant impact of the new standards on the financial information relates to the change in actuarially calculated values for the retirement allowance and early retirement liabilities, and the recognition of a liability related to sick leave benefits. The new standards have also resulted in a change in which the Corporation accounted for the investment related to the commercial alliance agreement between Service New Brunswick and CGI which expired in 2007, but for which a residual investment remained in 2011.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Section 3450 of the PSA accounting standards requires that the Corporation designate its financial instruments into one of two measurement categories, (i) at fair value or (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments classified as at fair value are subsequently measured as such with any change recorded as revenue.

The Corporation designates its financial instruments as follows:

a) Cash and cash equivalents and restricted assets are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.

b) Accounts receivable and partner receivables are classified as at "cost or amortized cost". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.

c) Accounts payable and accrued liabilities, and partner liabilities are classified as at "cost or amortized cost". Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.

Restricted assets

Management has segregated cash and receivables equal to the amount of Partner Liabilities (Note 9) and the amount accumulated under Land Titles Assurance (Note 10).

Tangible capital assets

Investments in information systems and databases and in physical assets having a value of $5,000 or greater are capitalized and written off to income in accordance with the amortization policy.

Revenue recognition

Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollectable are recognized as bad debt expense.

Pension expense

The Corporation's employees are part of a multi-employer defined benefit plan, and accordingly, only current-year contributions are expensed.

Amortization

Amortization is computed on a straight-line basis on original cost with rates as follows:

Databases and systems	depending on estimated useful life, up to 15 years
Furniture	10 years
Leasehold improvements	duration of lease up to 10 years
Equipment	5 years
Computers and software	4 years

Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Financial Instrument Risk

The reported values of financial instruments, which comprise cash and cash equivalents, accounts receivable, partner receivables, accounts payable and accrued liabilities, and partner liabilities, approximate fair values due to the short-term maturities of these instruments. The Corporation is not subject to significant interest rate or credit risks arising from these instruments.

Potential credit risk related to accounts receivable is low due to the fact that a significant portion of the receivable balance is due from federal or provincial government entities.

Interest income is subject to interest rate fluctuations. A change of 1% will affect interest income by an amount of approximately $300,000.

4. Related Entity Transactions

The Corporation is solely owned by the Province of New Brunswick. The Statement of Financial Position contains the following related entity amounts:

	Year Ended 2012	Year Ended 2011
Accounts receivable	$ 282,965	$ 665,272
Accounts payable	1,178,148	694,768
Net (owed by) due to the Corporation	$ (895,183)	$ (29,496)

4. Related Entity Transactions (continued)

The Statement of Operations contains the following related entity amounts:

	Year Ended 2012	Year Ended 2011
Revenue	$ 37,447,399	$ 38,578,840
Expenses	3,426,325	2,776,504
Net revenue	$ 34,021,074	$ 35,802,336

5. Restricted Assets

Restricted assets are comprised of the following amounts:

	Year Ended 2012	Year Ended 2011
Partner cash and receivables (Note 9)	$ 14,824,859	$ 15,861,731
Land titles assurance cash (Note 10)	4,601,193	4,303,826
	$ 19,426,052	$ 20,165,557

6. Accounts Receivable

	Accounts Receivable	Year Ended 2012 Allowance for Doubtful Accounts	Net
Current			
Trade	$ 1,027,417	$ 8,813	$ 1,018,604
HST rebate	605,910	-	605,910
Province of New Brunswick	282,965	-	282,965
Corporate Registry	184,531	23,471	161,060
Employee computer loans	128,179	-	128,179
Accrued interest	381,660	-	381,660
	$ 2,610,662	$ 32,284	$ 2,578,378

	Accounts Receivable	Year Ended 2011 Allowance for Doubtful Accounts	Net
Current			
Trade	$ 807,763	$ 8,046	$ 799,717
HST rebate	527,004	-	527,004
Province of New Brunswick	665,272	-	665,272
Corporate Registry	224,550	25,888	198,662
Employee computer loans	115,926	-	115,926
Accrued interest	138,592	-	138,592
	$ 2,479,107	$ 33,934	$ 2,445,173

The Corporation's trade accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

7. Tangible Capital Assets

2012	Computers & software	Furniture & equipment	Total Equip.	Leasehold improvements	Systems	Work in process	2012 Total	2011 Total
Estimated Useful Life (Years)	0-4	0-10		0-10	0-15			
Cost $								
Opening Cost	5,157,345	1,397,893	**6,555,237**	4,069,755	38,709,641	5,724,716	**55,059,350**	51,543,431
Additions	535,110	8,266	**543,376**	519,729	1,347,295	2,000,236	**4,410,636**	4,197,566
Disposals	-	-	-	-	-	(1,039,693)	**(1,039,693)**	(681,647)
Impairments	-	-	-	-	-	-	-	-
Closing Costs	5,692,455	1,406,159	**7,098,613**	4,589,484	40,056,936	6,685,260	**58,430,293**	55,059,350
Accumulated Amortization Opening Accumulated Amortization	4,062,881	1,282,751	**5,345,632**	3,025,460	30,775,156	-	**39,146,248**	36,001,763
Amortization Expense	618,314	44,832	**663,146**	331,219	2,290,775	-	**3,285,140**	3,144,485
Disposals	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	4,681,196	1,327,583	**6,008,778**	3,356,679	33,065,932	-	**42,431,388**	39,146,248
Net Book Value $	1,011,259	78,576	**1,089,835**	1,232,805	6,991,004	6,685,260	**15,998,904**	15,913,101

2011	Computers & software	Furniture & equipment	Total Equip.	Leasehold improvements	Systems	Work in process	2011 Total	2010 Total
Estimated Useful Life (Years)	0-4	0-10		0-10	0-15			
Cost $								
Opening Cost	4,962,263	1,397,893	**6,360,156**	3,689,999	38,115,183	3,378,093	**51,543,431**	47,974,235
Additions	195,081	-	**195,081**	379,756	594,458	3,028,271	**4,197,566**	3,674,146
Disposals	-	-	-	-	-	(681,647)	**(681,647)**	(104,949)
Impairments	-	-	-	-	-	-	-	-
Closing Costs	5,157,345	1,397,893	**6,555,237**	4,069,755	38,709,641	5,724,716	**55,059,350**	51,543,431
Accumulated Amortization Opening Accumulated Amortization	3,517,148	1,217,997	**4,735,145**	2,738,637	28,527,981	-	**36,001,763**	32,464,007
Amortization Expense	545,733	64,754	**610,487**	286,822	2,247,176	-	**3,144,485**	3,584,566
Disposals	-	-	-	-	-	-	-	(46,810)
Closing Accumulated Amortization	4,062,881	1,282,751	**5,345,632**	3,025,460	30,775,157	-	**39,146,248**	36,001,763
Net Book Value $	1,094,463	115,142	**1,209,605**	1,044,296	7,934,484	5,724,716	**15,913,101**	15,541,669

8. Accounts Payable and Accrued Liabilities

	Year Ended 2012	Year Ended 2011
Current		
Trade	$ 3,609,696	$ 2,355,825
Salary and benefit accruals	878,609	1,366,885
Payroll deductions	81,348	-
Province of New Brunswick	1,178,148	694,768
	$ 5,747,801	$ 4,417,478

9. Partner Liabilities

The Corporation collects cash on behalf of the Province of New Brunswick ("Province") and other business partners. The following amounts were payable to the Province and other partners at year-end.

Provincial receivables are short-term accounts which are collected from provincial clients and, subsequently, remitted to the Province. Efficiency NB receivables are interest-free loans issued to members of the public to finance energy efficiency improvements to their homes. These loans are administered by the Corporation on behalf of Efficiency NB and can have repayment terms of up to six years. They carry no risk to the Corporation.

	Year Ended 2012		
	Cash	Receivables	Total
Efficiency NB	$ (904,661)	$ 7,789,311	$ 6,884,650
Other provincial	5,469,306	858,850	6,328,156
Other partners	1,612,053	-	1,612,053
	$ 6,176,698	$ 8,648,161	$ 14,824,859

	Year Ended 2011		
	Cash	Receivables	Total
Efficiency NB	$ (1,278,836)	$ 10,578,062	$ 9,299,226
Other provincial	4,439,105	202,159	4,641,264
Other partners	1,921,241	-	1,921,241
	$ 5,081,510	$ 10,780,221	$ 15,861,731

10. Land Titles Assurance

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a charge, based on an actuarial estimate, to provide for a fund to cover potential claims pertaining to indemnification pursuant to the *Land Titles Act*. An assurance fee of $3.00 is charged for each registration in the Land Titles registry.

	Year Ended 2012	Year Ended 2011
Opening balance	$ 4,303,826	$ 4,001,923
Assurance fees collected	297,367	304,419
Less: claims	-	2,516
Ending balance	$ 4,601,193	$ 4,303,826

11. Employee Future Benefits

a) Regular employees of the Corporation are covered by the Public Service Superannuation Plan of the Province of New Brunswick. The Superannuation Plan is a defined benefit multi-employer plan under which contributions are made by both the Corporation and the employees. For the year ended March 31, 2012, the Corporation expensed contributions in the amount of $2,208,305 under the terms of the plan. The comparable amount for the year ended March 31, 2011 totalled $2,152,580. The Corporation has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

b) Regular employees of the Corporation are entitled to a paid retirement allowance prior to their retirement based upon years of service. Using the 2012 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be $4,118,000 as at March 31, 2012. At the end of this fiscal year, the Corporation had recorded a total liability of $3,874,400 (2011 - $3,697,500).

	Year Ended 2012	Year Ended 2011
Accrued benefit obligation		
Beginning balance	$ 3,861,100	$ 3,641,900
Current service cost	343,900	323,600
Interest cost on obligation	174,700	173,700
Benefit payments	(353,400)	(368,300)
Experience loss	91,700	90,200
Accrued benefit obligation	$ 4,118,000	$ 3,861,100
Reconciliation of accrued benefit obligation to accrued benefit liability		
Accrued benefit obligation	$ 4,118,000	$ 3,861,100
Unamortized transitional amount	(151,900)	(73,400)
Experience loss during period	(91,700)	(90,200)
Accrued benefit liability	$ 3,874,400	$ 3,697,500
Accrued benefit liability		
Opening balance	$ 3,697,500	$ 3,562,800
Retirement allowance expense	530,300	503,000
Benefit payments	(353,400)	(368,300)
Ending balance	$ 3,874,400	$ 3,697,500

This estimate is based on current service cost of 1.21% of payroll and an annual discount rate of 3.52%. The transitional obligation related to the retirement allowance is amortized on a straight-line basis over the estimated remaining service period of the employees that participate in the plan (thirteen years).

c) The Corporation incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick in the year ended March 31, 1996. The amount of the obligation and expense recorded is equal to the actuarial reduction that the employee would have otherwise had to forego, were it not for the fact that the Province waived this penalty for eligible employees. The Corporation annually reduces the recorded obligation by the amount it remits to the Province, and annually increases the obligation to match the actuarially determined estimate of the obligation. The estimate is based on an annual discount rate of 3.52%. The benefit obligation was $1,110,700 at March 31, 2012 and $1,034,522 at March 31, 2011.

d) Regular employees of the Corporation are entitled to sick leave benefits which accrue, but do not vest. Using the 2012 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be $3,497,100 as at March 31, 2012. At the end of this fiscal year, the Corporation had recorded a total liability of $3,217,500 (2011 - $3,085,700).

11. Employee Future Benefits (continued)

	Year Ended 2012	Year Ended 2011
Accrued benefit obligation		
Beginning balance	$ 3,146,400	$ 2,944,800
Current service cost	388,800	370,400
Interest cost on obligation	142,200	141,300
Benefit payments	(403,200)	(370,800)
Experience loss during period	222,900	60,700
Accrued benefit obligation	$ 3,497,100	$ 3,146,400
Reconciliation of accrued benefit obligation to accrued benefit liability		
Accrued benefit obligation	$ 3,497,100	$ 3,146,400
Unamortized transitional amount	(56,700)	-
Experience loss during period	(222,900)	(60,700)
Accrued benefit liability	$ 3,217,500	$ 3,085,700
Accrued benefit liability		
Opening balance	$ 3,085,700	$ 2,944,800
Sick leave expense	535,000	511,700
Benefit payments	(403,200)	(370,800)
Ending balance	$ 3,217,500	$ 3,085,700

This estimate is based on an annual discount rate of 3.52%.

12. Lease Commitments

Future minimum payments for leased premises and equipment for the next five years and thereafter are outlined in the following list:

2013	$ 3,473,763
2014	3,259,975
2015	2,691,282
2016	2,164,484
2017	1,318,082
Thereafter	3,723,416
	$ 16,631,002

13. Conversion to PSA Standards

The Corporation has elected to adopt PSA standards for all periods as of the March 31, 2012 reporting period, with restatement for comparative purposes of amounts reported for the year ended March 31, 2011, and of the opening Statement of Financial Position as at April 1, 2010. Previously, the Corporation complied with GAAP for Private Enterprise. The adoption of the new standards has resulted in changes to the valuation of the Corporation's retirement allowance benefits and the early retirement incentive, as well as the recognition of a liability related to sick leave benefits. The new standards have also affected the way in which the CGI Investment and certain expenditures related to systems development are accounted for.

13. Conversion to PSA Standards (continued)

These changes were applied retroactively, resulting in the restatement of certain 2011 and 2010 comparative figures. Below is a summary of changes to the balance of accumulated surplus.

	Year Ended 2011	Year Ended 2010
Equity as reported under GAAP	$ 41,212,004	$ 39,053,829
Retirement Allowance Liability		
Actuarial valuation as per GAAP	2,887,846	2,694,869
Actuarial valuation as per PSA[ii]	(3,697,500)	(3,562,800)
Early Retirement Incentive Liability		
Actuarial valuation as per GAAP	993,232	979,875
Actuarial valuation as per PSA[i]	(1,034,522)	(1,031,776)
Sick Leave Liability		
Actuarial valuation as per PSA[iii]	(3,085,700)	(2,944,800)
CGI Investment		
Contributed Capital as per PSA[iv]	946,496	946,496
Amortization of CGI Investment	(228,407)	-
Rentalsman System Development		
Contributed Capital as per PSA[v]	274,158	246,944
Amortization of System	(25,161)	-
Accumulated surplus under PSA	$ 38,242,446	$ 36,382,637

Below is a summary of changes to the 2011 Net Income figure that results in the 2011 Annual Surplus figure as per PSA standards.

	Year Ended 2011
Net Income as reported under GAAP	$ 2,158,178
Retirement Allowance Expense (GAAP)	192,977
Retirement Allowance Expense (PSA)[i]	(134,700)
Early Retirement Incentive Expense (GAAP)	13,358
Early Retirement Incentive Expense (PSA)[ii]	(2,749)
Sick Leave Expense (PSA)[iii]	(140,900)
CGI Investment Amortization[iv]	(228,407)
Rentalsman Funding[v]	27,214
Rentalsman Amortization[v]	(25,162)
Annual Surplus as reported under PSA	$ 1,859,809

Schedules to Financial Statements
For the year ended March 31, 2012

Schedule 1 – Statement of Operations by Segment

	Executive Administration	Corporate	Operations	Total
Revenues				
Provincial services	-	-	26,223,125	26,223,125
Municipal services	-	-	10,424,370	10,424,370
Registry services	-	-	22,092,711	22,092,711
Products and services	-	15,107	5,087,494	5,102,600
Interest	-	789,566	-	789,566
Salary recoveries	-	-	21,890	21,890
Other	-	-	6,646	6,646
Total Revenue	**-**	**804,673**	**63,856,236**	**64,660,909**
Expenses				
Personnel services	679,220	5,280,155	32,870,198	38,829,573
Space and equipment services	2,188	4,101,270	1,485,126	5,588,584
Communications and computer services	7,568	113,551	6,102,194	6,223,313
Professional services	70,685	447,968	3,043,184	3,561,837
Amortization	7	670,790	2,614,343	3,285,140
Travel and meetings	47,033	77,235	953,489	1,077,757
Materials and supplies	2,566	116,526	683,125	802,217
Furniture and equipment	1,362	39,346	452,483	493,191
Other	724	75,819	154,888	231,431
Total Expense	**811,353**	**10,922,660**	**48,359,030**	**60,093,043**
Annual Surplus (Deficit)	**$ (811,353)**	**$ (10,117,987)**	**$ 15,497,206**	**$ 4,567,866**

Schedule 2 - Systems Development

	Year Ended 2012		
	Cost	Accumulated Amortization	Net
Personal Property Registration	$ 5,162,166	$ 5,162,166	$ -
PLANET	9,406,689	8,303,834	1,102,855
Customer Service Systems	6,718,690	6,668,800	49,890
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,310,224	26,354
Business Registry	3,518,925	2,765,990	752,935
Infrastructure	7,035,908	5,446,444	1,589,464
E-Services	1,164,097	576,163	587,934
Rentalsman	274,157	52,578	221,579
Land Information	319,504	63,901	255,603
Vitals Statistics	200,881	66,385	134,496
Historical Documents	1,554,446	502,668	1,051,778
Licensing and Permitting	59,620	16	59,604
Identity and Access Management	1,287,235	128,723	1,158,512
	$ 40,056,936	$ 33,065,932	$ 6,991,004

	Year Ended 2011		
	Cost	Accumulated Amortization	Net
Personal Property Registration	$ 5,162,166	$ 5,162,166	$ -
PLANET	9,406,689	7,894,746	1,511,943
Customer Service Systems	6,718,690	6,438,261	280,429
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,191,977	144,601
Business Registry	3,518,925	2,416,047	1,102,878
Infrastructure	7,035,468	4,743,744	2,291,724
E-Services	1,164,097	459,754	704,343
Rentalsman	274,157	25,162	248,995
Land Information	319,504	31,950	287,554
Vitals Statistics	200,881	46,297	154,584
Historical Documents	1,554,446	347,013	1,207,433
	$ 38,709,641	$ 30,775,157	$ 7,934,484

Endnotes (Reference Note 13 – Conversion to PSA Standards)

[i] The difference in calculated amount is due to a change in the discount rate being utilized. GAAP for private enterprise employs a discount rate based on the interest rate yield for high quality corporate bonds (4.96% and 5.34% for the 2010-2011 and 2009-2010 fiscal years respectively), while PSA standards dictate that the discount rate be based on the interest rate that government pays on funds borrowed (4.53% and 4.80% for the 2010-2011 and 2009-2010 fiscal years, respectively).

[ii] See above

[iii] PSA standards dictate that sick leave credits must be reported as an employee future benefit. It is reflected as a liability, and its value is based on the interest rate associated with the government's cost of borrowing – 4.53% and 4.80% for the 2010-2011 and 2009-2010 fiscal years respectively.

[iv] Until 2008-2009 it was acceptable to reflect the CGI Investment as a credit asset. For the first year of comparative figures under PSA, the net value of the investment must be reflected as Contributed Capital Surplus, and any amortization associated with the original credit asset must be reversed.

[v] The Rentalsman funding was originally reflected as a credit asset. The funding was expended in 2009-2010 and 2010-2011 to develop a deposit management system, and is appropriately reflected in 2009-2010 and 2010-2011 as a Contributed Capital Surplus, according to PSA standards, along with associated amortization expense for the system.